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**Village of Dixie Inn, Louisiana**  
**Financial Statements with Auditors' Report**  
**As of and for the Year Ended June 30, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-28-06

Village of Dixie Inn, Louisiana

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## Independent Auditors' Report

Village of Dixie Inn  
Dixie Inn, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Village of Dixie Inn, Louisiana, as of and for the year ended June 30, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Dixie Inn's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Village of Dixie Inn, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2006 on our consideration of the Village of Dixie Inn's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on page 30 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Village of Dixie Inn has not presented management's discussion and analysis, which is supplementary information required by accounting principles generally accepted in the United States of America, but is not a required part of the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as whole. The accompanying financial information listed as other supplementary information in the table of contents and shown on page 32 is presented for purposes of additional analysis and is not a required part of the financial statements of the Village of Dixie Inn. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Cook & Morehart  
Certified Public Accountants  
May 23, 2006

Village of Dixie Inn  
Dixie Inn, Louisiana  
Statement of Net Assets  
June 30, 2005

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash	\$ 42,165	\$ 14,188	\$ 56,353
Investments	56,202		56,202
Receivables	25,899	97,831	123,730
Prepaid Items	14,562		14,562
Restricted assets, cash		44,538	44,538
Capital assets (net accumulated depreciation)	53,181	1,077,421	1,130,602
<b>Total Assets</b>	<u>192,009</u>	<u>1,233,978</u>	<u>1,425,987</u>
<b>Liabilities</b>			
Accounts, salaries and other payable	23,142	91,007	114,149
Bonds and interest payable - due within one year		10,343	10,343
Payable from restricted assets		9,041	9,041
<b>Non-current Liabilities</b>			
Capital lease payable - due within one year	8,576		8,576
Revenue bonds payable - due in more than one year		88,380	88,380
<b>Total liabilities</b>	<u>31,718</u>	<u>198,771</u>	<u>230,489</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	44,605	978,698	1,023,303
Restricted for:			
Debt service		24,930	24,930
Unrestricted	115,686	31,579	147,265
<b>Total net assets</b>	<u>\$ 160,291</u>	<u>\$ 1,035,207</u>	<u>\$ 1,195,498</u>

The accompanying notes are an integral part of this statement.

Village of Dixie Inn  
Dixie Inn, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2005

Functions/Programs:	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 198,384	\$ 52,630	\$	\$ (145,754)	\$	\$ (145,754)
Public safety	138,718	47,715	1,350	(89,653)		(89,653)
Public works	1,557			(1,557)		(1,557)
Total governmental activities	338,659	100,345	1,350	(236,964)		(236,964)
Business-type activities						
Water	45,922	46,205	115,042		115,325	115,325
Sewer	33,965	18,428			(15,537)	(15,537)
Total business-type activities	79,887	64,633	115,042		99,788	99,788
Total government	\$ 418,546	\$ 164,978	\$ 116,392	\$ (236,964)	\$ 99,788	\$ (137,176)
General revenues:						
Taxes:						
	Sales and use tax			200,387		200,387
	Franchise taxes			9,518		9,518
	Unrestricted investment earnings (losses)			7,901		7,901
	Transfers			(1,141)	1,141	
	Total general revenues and transfers			216,665	1,141	217,806
	Changes in net assets			(20,299)	100,929	80,630
	Net assets, beginning			180,590	934,278	1,114,868
	Net assets, ending			\$ 160,291	\$ 1,035,207	\$ 1,195,498

The accompanying notes are an integral part of this statement.

**Village of Dixie Inn**  
**Dixie Inn, Louisiana**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2005**

Assets	<u>General</u>
Cash	\$ 42,165
Investments	56,202
Receivables	<u>21,649</u>
 Total Assets	 <u><u>\$ 120,016</u></u>
 Liabilities and Fund Balances	
Liabilities:	
Accounts, salaries, and other payables	<u>\$ 23,142</u>
 Total Liabilities	 <u>23,142</u>
Fund balance:	
Unreserved	<u>96,874</u>
 Total Fund Balance	 <u>96,874</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 120,016</u></u>

The accompanying notes are an integral part of this statement.

Village of Dixie Inn  
Dixie Inn, Louisiana  
Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Assets  
June 30, 2005

Fund Balance - Governmental Fund	\$ 96,874
Amounts reported for government activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	53,181
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.	4,250
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	14,562
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Capital lease payable	<u>(8,576)</u>
Net Assets of Governmental Activities	<u>\$ 160,291</u>

The accompanying notes are an integral part of this statement.

Village of Dixie Inn  
Dixie Inn, Louisiana  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
For the Year Ended June 30, 2005

Revenues:	<u>General</u>
Taxes	
Sales and use	\$ 200,386
Other taxes, penalties, interest, etc.	10,932
Licenses and permits	19,489
Intergovernmental revenues	
State funds	31,479
Fines and forfeitures	47,715
Investment earnings	7,901
Other revenues	5,210
Total revenues	<u>323,112</u>
 Expenditures:	
Current	
General government	196,338
Public safety	127,914
Public works	58
Debt Service	
Principal retirement	7,597
Interest and other charges	504
Total expenditures	<u>332,411</u>
 Excess (deficiency) of revenues over (under) expenditures	 (9,299)
 Other financing sources (uses)	
Transfer out	(1,141)
Total other financing sources (uses)	<u>(1,141)</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 (10,440)
 Fund balance, beginning of year	 <u>107,314</u>
 Fund balance, end of year	 <u>\$ 96,874</u>

The accompanying notes are an integral part of this statement.

Village of Dixie Inn  
Dixie Inn, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in the Fund Balance of the Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2005

Net change in fund balance - governmental fund	\$ (10,440)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation in \$(13,292) exceeds capital outlays \$(0) in the current period.	(13,292)
Revenue in the statement of revenues, expenditures and changes in fund balance are not reported as revenues in the funds	(3,611)
The repayment of principal of long-term debt consumes current financial resources of governmental funds.	8,073
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,029)</u>
Change in Net Assets of Governmental Activities	<u>\$ (20,299)</u>

The accompanying notes are an integral part of this statement.

Village of Dixie Inn  
Dixie Inn, Louisiana  
Statement of Net Assets  
Proprietary Fund  
June 30, 2005

	<u>Business-Type Activities</u> <u>Enterprise Fund</u> <u>Water and Sewer Fund</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 14,188
Receivables	97,831
Total current assets	<u>112,019</u>
<b>Non Current Assets</b>	
Restricted assets, cash	44,538
Capital assets (net accumulated depreciation)	1,077,421
Total non current assets	<u>1,121,959</u>
<b>Total Assets</b>	<u>1,233,978</u>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts, salaries and other payable	91,007
Bonds and interest payable	10,343
Total current liabilities	<u>101,350</u>
Current liabilities payable from restricted assets	
restricted assets - customer deposits	<u>9,041</u>
<b>Non Current Liabilities</b>	
Revenue bonds payable	88,380
Total non current liabilities	<u>88,380</u>
<b>Total Liabilities</b>	<u>198,771</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	978,698
Restricted for debt service	24,930
Unrestricted	<u>31,579</u>
<b>Total Net Assets</b>	<u>\$ 1,035,207</u>

The accompanying notes are an integral part of this statement.

Village of Dixie Inn  
Dixie Inn, Louisiana  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2005

	Business-Type Activities Enterprise Fund <u>Water and Sewer Fund</u>
<b>Operating Revenues</b>	
Charges for services	
Water sales	\$ 46,205
Sewer charges	<u>18,428</u>
Total operating revenues	<u>64,633</u>
<b>Operating Expenses</b>	
Cost of sales and services	39,248
Administration	6,127
Depreciation	<u>29,578</u>
Total operating expenses	<u>74,953</u>
Operating Income (loss)	<u>(10,320)</u>
<b>Non-Operating Revenues (expenses)</b>	
Intergovernmental	114,913
Interest earnings	129
Interest expense	(4,933)
Garbage fees	14,058
Garbage collection fees	<u>(14,058)</u>
Total non-operating revenues (expenses)	<u>110,109</u>
Income (loss) before contributions and transfers	99,789
Transfers in	<u>1,140</u>
Change in net assets	<u>100,929</u>
Total net assets, beginning of year	<u>934,278</u>
Total net assets, end of year	<u><u>\$ 1,035,207</u></u>

The accompanying notes are an integral part of this statement.

Village of Dixie Inn  
Dixie Inn, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2005

	Business-Type Activities Enterprise Fund <u>Water and Sewer Fund</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers and users	\$ 72,875
Payments to suppliers	(53,835)
Payments to employees	(1,141)
Net cash provided (used) by operating activities	<u>17,899</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Meter deposits refunded	(383)
Integration of capital project fund	8
Transfer from other funds	1,141
Receipts for garbage collection	14,058
Payments for garbage collection	(14,058)
Net cash provided (used) by non-capital financing activities	<u>766</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchases of capital assets	(114,913)
Capital contribution	114,913
Principal paid on capital debt	(6,658)
Interest paid on capital debt	(5,163)
Net cash provided (used) by capital and related financing activities	<u>(11,821)</u>
<b>Cash Flows from Investing Activities</b>	
Interest and dividends received	129
Net cash provided (used) by investing activities	<u>129</u>
<b>Net increase in cash</b>	6,973
<b>Cash, beginning of year</b>	<u>51,753</u>
<b>Cash, end of year</b>	<u>\$ 58,726</u>
<b>Reconciliation of Operating Income(loss) to Net Cash Provided (used) by Operating Activities</b>	
Operating income (loss)	\$ (10,320)
Depreciation expense	29,578
(Increase) decrease in accounts receivable	8,243
Increase (decrease) in accounts payable	(9,602)
Net cash used by operating activities	<u>\$ 17,899</u>

The accompanying notes are an integral part of this statement.

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005

Introduction

The Village of Dixie Inn, Louisiana (The Village), was incorporated August 8, 1962, under the provisions of the Lawrason Act. The Village is located in the Parish of Webster, being in the northwest corner of the State of Louisiana.

Elected officials of the Village of Dixie Inn are a mayor, three (3) aldermen, and a chief of police, who are elected every four years. The affairs of the Village are conducted and managed by the mayor and the board of aldermen.

(1) Summary of Significant Accounting Policies

The Village of Dixie Inn's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village of Dixie Inn are discussed below.

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Village of Dixie Inn is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Village of Dixie Inn), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Village of Dixie Inn are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14, as amended by GASB Statement No. 39, established criteria for determining which component units should be considered part of the Village of Dixie Inn for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Village to impose its will on that organization and/or

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
- 2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB 39 states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

- 1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
- 2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- 3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

**B. Basic Financial Statements – Government-Wide Statements**

The Village of Dixie Inn's basic financial statements include both government-wide (reporting the funds maintained by the Village of Dixie Inn as a whole) and fund financial statements (reporting the Village of Dixie Inn's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's general fund is classified as governmental activities. The Village's water and sewer services are classified as business-type activities.

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

In the government-wide Statement of Net Assets, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Village of Dixie Inn's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village of Dixie Inn's functions. The functions are also supported by general government revenues (sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water and sewer services.

The net costs (by function) are normally covered by general revenue (sales and use taxes, certain intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Village of Dixie Inn as an entity and the change in the Village of Dixie Inn's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Village of Dixie Inn are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

The following fund types are used by the Village of Dixie Inn:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Village of Dixie Inn:
  - a. General fund is the general operating fund of the Village of Dixie Inn. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:
  - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Utility Fund – accounts for the provision of water and sewer services of the Village.

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

**D. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**E. Cash, Cash Equivalents, and Investments**

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Village's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**F. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

**G. Capital Assets**

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10–40 years
Land improvements	10–30 years
Infrastructure	25–50 years
Furniture and equipment	5–15 years
Vehicles	5–15 years
Other equipment	5–10 years
Water and sewer systems	5–40 years

GASBS No. 34 requires the Village to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

**H. Revenues**

Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Village is entitled to the funds.

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

**I. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**J. Sales Taxes**

The Village receives proceeds from a two percent sales and use tax, the revenue from which may be used for any lawful purpose.

**K. Interfund Activity**

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

**L. Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
*Notes to the Financial Statements*  
June 30, 2005  
(Continued)

**M. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**N. Bad Debts**

The Village uses the direct charge-off method of accounting for water and sewer system receivables. Although this method is not in accordance with generally accepted accounting principles, the overall effect on the financial statements is immaterial.

**O. Capitalized Interest**

The Village capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

**P. Statement of Cash Flows**

For the purposes of the Statement of Cash Flows, the Water and Sewer Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

(2) Budgets

The Village follows the following budget practices:

- (a) The Village Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
- (b) The public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- (c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- (d) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Board of Aldermen.
- (e) Budgetary appropriations lapse at the end of each fiscal year.

The budget for the General Fund was adopted on a budgetary basis - Cash for the year ended June 30, 2005. An amendment was made to the original budget and is reflected in the budget comparison.

(3) Cash and Cash Equivalents

At June 30, 2005, the Village of Dixie Inn had cash and cash equivalents (book balances) totaling \$100,891, of which \$44,538 is shown as a restricted asset, as follows:

Demand deposits	\$ 63,368
Interest bearing demand deposits	<u>37,523</u>
Total	<u>\$ 100,891</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

At June 30, 2005, the Village's bank balances totaling \$103,259 were exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the Village's name	\$	3,259
-------------------------------------------------------------------------------------------------	----	-------

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(4) Investments

The investments in U.S. Government Securities are registered in the name of the Village and are held in a brokerage account insured by the SIPC. These investments are considered category A in applying the credit risk of the Governmental Accounting Standards Board (GASB).

The following is a summary of investments as of June 30, 2005:

	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>
Governmental Funds		
US Agency & Treasury Bonds	\$ 54,900	\$ 53,136
US Treasury Money Fund	<u>1,302</u>	<u>1,302</u>
Total investments	<u>\$ 56,202</u>	<u>\$ 54,438</u>

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

(5) Receivables

Receivables at June 30, 2005 are as follows:

Governmental activities:	
Sales and use taxes	\$ 19,498
Franchise	1,753
Intergovernmental:	
State	4,648
	<u>25,899</u>
Business-type activities:	
Accounts receivable—water and sewer charges	97,831
	<u>\$ 123,730</u>

(6) Restricted Assets – Proprietary Fund Type

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Additionally, meter deposits are classified as restricted assets. Restricted assets as of June 30, 2005 are as follows:

<u>Utility Fund</u>	
Bond revenue & sinking fund	\$ 11,927
Bond depreciation & contingency fund	4,081
Bond reserve fund	19,265
Customer meter deposits	9,265
Total restricted assets	<u>\$ 44,538</u>

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

(7) Capital Assets

*Capital assets and depreciation activity as of and for the year ended June 30, 2005 is as follows:*

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Total capital assets, not being depreciated	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>14,000</u>
Capital assets being depreciated				
Buildings	48,420	-	-	48,420
Improvements other than buildings	268,344	-	-	268,344
Machinery and equipment	81,525	-	-	81,525
Total capital assets being depreciated	<u>398,289</u>	<u>-</u>	<u>-</u>	<u>398,289</u>
Less accumulated depreciation for				
Buildings	29,184	1,017	-	30,201
Improvements other than buildings	268,344	-	-	268,344
Machinery and equipment	48,287	12,276	-	60,563
Total accumulated depreciation	<u>345,815</u>	<u>13,293</u>	<u>-</u>	<u>359,108</u>
Total capital assets being depreciated, net	<u>52,474</u>	<u>( 13,293)</u>	<u>-</u>	<u>39,181</u>
Governmental activities capital assets, net	<u>\$ 66,474</u>	<u>\$ ( 13,293)</u>	<u>\$ -</u>	<u>\$ 53,181</u>

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
<b>Capital assets, not being depreciated</b>				
Land	\$ 1,045	\$ -	\$ -	\$ 1,045
Construction in progress	-	114,913	-	114,913
Total capital assets, not being depreciated	<u>1,045</u>	<u>114,913</u>	<u>-</u>	<u>115,958</u>
<b>Capital assets being depreciated</b>				
Buildings	478,786	-	-	478,786
Improvements other than buildings	623,611	-	-	623,611
Machinery and equipment	44,514	-	-	44,514
Total capital assets being depreciated	<u>1,146,911</u>	<u>-</u>	<u>-</u>	<u>1,146,911</u>
<b>Less accumulated depreciation for</b>				
Buildings	30,616	11,895	-	42,511
Improvements other than buildings	102,506	15,528	-	118,034
Machinery and equipment	22,748	2,155	-	24,903
Total accumulated depreciation	<u>155,870</u>	<u>29,578</u>	<u>-</u>	<u>185,448</u>
<b>Total business-type assets being depreciated, net</b>	<u>991,041</u>	<u>( 29,578)</u>	<u>-</u>	<u>961,463</u>
<b>Business-types activities capital assets, net</b>	<u>\$ 992,086</u>	<u>\$ 85,335</u>	<u>\$ -</u>	<u>\$1,077,421</u>

Depreciation expense for the year ended June 30, 2005 was charged to the primary government as follows:

<b>Governmental activities:</b>	
General	\$ 1,017
Police	10,776
Streets	1,500
Total	<u>\$ 13,293</u>
<b>Business-type activities</b>	
Sewer	\$ 15,057
Water	14,521
Total	<u>\$ 29,578</u>

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

(8) Interfund Receivables, Payable, and Transfers

During the year ended June 30, 2005, interfund transfers were made from the General Fund to the Utility Fund totaling \$1,141. Transfers were primarily made to supplement costs paid within the Utility Fund relating to payroll.

(9) Capital Lease Payable

The Village records items under a capital lease as an asset and an obligation in the accompanying financial statements. The Village has one capital lease of a police car for a total cost of \$25,729.

The following is a schedule of activity under the capital lease for the year ended June 30, 2005:

Governmental activities:

Capital lease payable:

Balance June 30, 2004	\$ 15,669
Reductions	<u>( 7,597)</u>
Balance June 30, 2005	<u>\$ 8,072</u>

Amount due June 30, 2006 under the capital lease:

Principal	\$ 8,072
Interest	<u>504</u>
	<u>\$ 8,576</u>

(10) Long-Term Obligations

Long-term liability activity for business-type activities for the year ended June 30, 2005 was as follows:

Beginning balance	\$ 102,088
Reductions	<u>( 6,658)</u>
Ending balance	<u>\$ 95,430</u>
Amounts due within one year	<u>\$ 7,050</u>

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

Bonds payable at June 30, 2005 are comprised of the following issues:

	<u>Principal Outstanding</u>	<u>Interest To Maturity</u>
Revenue Bonds:		
\$181,000 Water & Sewer Utilities Revenue Bonds, dated October 23, 1975; due in annual installments of \$10,636; interest at 5%	\$ 88,132	\$ 28,496
 \$20,000 Water and Sewer Utilities Revenue Completion Bond, Series 1978, of the Village of Dixie Inn; due in annual installments of \$1,186; interest at 5%	 7,298	 1,648
	<u>\$ 95,430</u>	<u>\$ 30,144</u>

The annual requirements to amortize all business-type activity debt outstanding as of June 30, 2005, including interest payments of \$30,144 are as follows:

<u>Year Ended June 30,</u>	<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 7,050	\$ 4,772	\$ 11,822
2007	7,403	4,419	11,822
2008	7,773	4,049	11,822
2009	8,161	3,661	11,822
2010	8,570	3,252	11,822
2011 – 2015	46,694	9,503	56,197
2016	9,779	488	10,267
	<u>\$ 95,430</u>	<u>\$ 30,144</u>	<u>\$ 125,574</u>

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

(11) Retirement

Certain police officers are members of the Municipal Police Employees Retirement System. All other municipal employees participate in the Village's Defined Contribution Plan. All employees of the Village of Dixie Inn are covered by the Federal Social Security System. Pertinent information relative to each plan follows:

Municipal Police Employees Retirement System of Louisiana (System)

*Plan Description:* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

*Funding Policy:* Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Village of Dixie Inn is required to contribute at an actuarially determined rate. The current rate is 21.50% percent of annual covered payroll. The contribution requirements of plan members and the Village of Dixie Inn are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Dixie Inn contributions to the System for the years ending June 30, 2003, 2004 and 2005, were \$6,341, \$10,342, and \$14,209, respectively, equal to the required contributions for each year.

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

Defined Contribution Plan

For the year ended June 30, 2005, the Village of Dixie Inn participated in a defined contribution plan, as set forth under section 457(b) of the Internal Revenue Code, for the village clerk and water superintendent. The plan is administered by the Trust Company of Louisiana and the participants may contribute the lesser of \$8,000 or 25% of their yearly compensation. Employer contribution requirements are established and may be amended by the Village. The Village currently contributes 10% of the employee's annual compensation. For the year ended June 30, 2005, employee and employer contributions to the plan were \$4,950 and \$6,431 respectively.

(12) Reserved Retained Earnings Balances

At June 30, 2005, \$24,930 was reserved in the Utility Fund to service the revenue bonds and comply with debt covenants.

(13) Flow of Funds; Restriction on Use – Water and Sewer System Revenues

Under the terms of the bond indenture for the outstanding Revenue Bonds of 1975, all income and revenues earned or derived from the operation of the water and sewer system are pledged and dedicated to the retirement of said bonds and are to be maintained and administered in the following order of priority and for the following express purposes:

- a. The payment of all reasonable expenses of administration, operation and maintenance of the water and sewer system.
- b. Each month, there will be set aside into an account called the "Bond and Interest Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.
- c. There shall also be set aside into a "Bond Reserve Account" an amount equal to 5% of the payments required to be made to the Bond and Interest Sinking Fund. The funds available in the Bond Reserve Account may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Redemption Account and as to which there would otherwise be default.

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to the Financial Statements  
June 30, 2005  
(Continued)

- d. Each fiscal year \$600 shall be set aside into a "Bond Contingency Account" until there shall have been accumulated in the account an amount equal to \$24,000. Money in this account may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond accounts.
- e. All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above-noted accounts shall be regarded as surplus and may be used for any lawful corporate purpose.

(14) Risk Concentrations

A majority of the Village's sales tax revenue receipts are derived from approximately seven (7) merchants within the Village limits.

(15) Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village attempts to minimize risk from significant losses through the purchase of insurance.

(16) Prior Period Restatement

The beginning net assets balance presented in the Statement of Net Assets, Proprietary Funds has been restated to reflect adjustments and changes in presentation within the utility fund.

A restatement of the beginning net assets balance for the year ended June 30, 2005 was recognized in the proprietary fund financial statements as follows:

Net assets balance originally reported as of June 30, 2004	\$ 934,270
Correct presentation of capital project that was accounted for in a separate fund	<u>8</u>
Net assets restated as of June 30, 2005	<u>\$ 934,278</u>

Village of Dixie Inn  
Dixie Inn, Louisiana  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget (Cash Basis) and Actual  
General Fund  
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual Amount	Variance with
	Original	Final	Cash Basis	Final Budget Positive (Negative)
<b>Revenues</b>				
Sales and use tax	\$ 188,000	\$ 190,000	\$ 197,436	\$ 7,436
Franchise tax	8,700	9,300	9,413	113
Occupational licenses	20,000	16,015	21,504	5,489
Intergovernmental revenues	30,000	30,300	30,176	(124)
Fines and forfeitures	40,000	47,500	47,715	215
Miscellaneous	2,000	4,050	8,180	4,130
Total revenues	<u>288,700</u>	<u>297,165</u>	<u>314,424</u>	<u>17,259</u>
<b>Expenditures</b>				
General government	195,250	192,100	191,813	287
Public safety	123,700	123,600	123,890	(290)
Capital outlay			2,025	(2,025)
Debt service	9,600	8,850	8,844	6
Total expenditures	<u>328,550</u>	<u>324,550</u>	<u>326,572</u>	<u>(2,022)</u>
Excess (deficiency) of revenues over (under) expenditures	(39,850)	(27,385)	(12,148)	15,237
<b>Other Financing Sources (Uses)</b>				
Transfer out		(1,141)	(1,141)	
Total other financing sources (uses)		<u>(1,141)</u>	<u>(1,141)</u>	
Excess (deficiency) of revenues and other sources over expenditures and other uses	(39,850)	(28,526)	(13,289)	15,237
Fund balance, beginning of year	<u>107,314</u>	<u>107,314</u>	<u>107,314</u>	
Fund balance, end of year	<u>\$ 67,464</u>	<u>\$ 78,788</u>	<u>\$ 94,025</u>	<u>\$ 15,237</u>

See accompanying note to the required supplementary schedule.

Village of Dixie Inn  
Dixie Inn, Louisiana  
Notes to Required Supplementary Information  
June 30, 2005

The Village's budget is adopted on a cash basis for the general fund. There was one amendment to the June 30, 2005 budget. The budget comparison schedule included in the accompanying financial statements includes the original and amended budget. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budget basis)	\$ ( 13,289)
Adjustments:	
Revenue accruals – net	3,658
Expenditure accruals – net	<u>( 809)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ ( 10,440)</u>

Village of Dixie Inn  
Dixie Inn, Louisiana  
Schedule of Compensation Paid Board of Aldermen  
For the Year Ended June 30, 2005

Board Member:

Stacy Chadwick	\$	1,055
Pauline Fontenot		1,055
Joseph Walden		<u>1,055</u>
Total	\$	<u><u>3,165</u></u>

# COOK & MOREHART

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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

Village of Dixie Inn  
Dixie Inn, Louisiana

We have audited the financial statements of the governmental activities, business-type activities and each major fund of the Village of Dixie Inn as of and for the year ended June 30, 2005, which collectively comprise the Village of Dixie Inn's basic financial statements, and have issued our report thereon dated May 23, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Dixie Inn's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village of Dixie Inn's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2005- 1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be a material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Dixie Inn's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of audit findings as Finding 2005-02.

This report is intended solely for the information and use of management and the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart  
Certified Public Accountants  
May 23, 2006

Village of Dixie Inn  
Dixie Inn, Louisiana  
Summary Schedule of Prior Year Audit Findings  
For Louisiana Legislative Auditor  
June 30, 2005

**Summary Schedule of Prior Audit Findings**

For the year ended June 30, 2004, the Village of Dixie Inn had a compilation with attestation procedures.

There were no new findings in that report.

A finding in regards to segregation of duties due to limited number of employees was listed in the June 30, 2003 audit report and the current status in the attestation report for June 30, 2004 states the condition remains the same. See reportable condition 2005-01 in findings for the year ended June 30, 2005.

Village of Dixie Inn  
Dixie Inn, Louisiana  
Schedule of Current Year Audit Findings  
For Louisiana Legislative Auditor  
June 30, 2005

**Current Year Audit Findings**

There are two current year findings for the year ended June 30, 2005:

**Reportable Condition**

**2005-01 : Segregation of Duties**

*Condition:* There is an inadequate segregation of duties at the Village of Dixie Inn in regards to collection of water and sewer revenue collections and cash collections for police tickets. This is due to the Village Clerk being the only employee handling collections of water and sewer revenue and police tickets.

*Criteria:* For proper control purposes, the water and sewer accounts receivable subsidiary ledger, which is maintained by an outside service, should be reconciled by a responsible person besides the Village Clerk. Also, the Village should consider not accepting cash payments for police tickets.

*Effect:* Due to the Village Clerk being the only employee handling collections, errors or irregularities could occur in regards to collection of revenues.

*Recommendation:* We recommend that the Village should consider having the CPA firm, which is maintaining and preparing the Village's general ledger, to reconcile the accounts receivable subsidiary ledger to the general ledger on a monthly basis. Also, the Village should consider not accepting cash payments for police tickets.

*Management's Response:* This is an on going problem for the Village of Dixie Inn. Due to size of our Village and our financial status it isn't feasible to employ more than one employee in our business office. We have several controls in place to monitor the Village business. Our water customers are billed through an outside billing agent. Water money received has to match all money that is billed by this firm. A monthly journal is kept of all changes made to water billing due to residents moving, applying deposits, etc. and is sent monthly to the water billing agent. A copy of the journal is retained in the village office. We will consider the recommendation made by the CPA of sending the accounts receivable subsidiary ledger to our CPA firm that prepares our general ledger for monthly reconciliation, however, we felt that this is a duplication of work, is unnecessary and will increase the cost of our monthly CPA fees.

(Continued)

Village of Dixie Inn  
Dixie Inn, Louisiana  
Schedule of Current Year Audit Findings  
For Louisiana Legislative Auditor  
June 30, 2005  
(Continued)

In response to the recommendation that cash not be received for payment of traffic tickets; cash receipts are written for all cash payments. The name, amount, method of payment and ticket number are referenced on each receipt and the receipt book is retained for Village records. All cash payments are listed individually in the deposit book, with the name of the person paying cash included in the deposit book. All deposit books are retained for Village Records. Cash payments can be traced at anytime by both methods of record retention. It would be unreasonable and inconvenient for people paying traffic fines for us not to accept cash payments.

2005-02 : Late Submission of Audit Report

*Condition:* The audit report was not submitted within six months of the Village's year end as required by the Louisiana State Audit Law.

*Response:* The Village Council has already voted for Cook & Morehart, CPAs to perform the necessary submission, for the year ended June 30, 2006, in accordance with the Louisiana State Audit Law.